

Contents [show]

What is the registration of MSME?

Any company that comes under the category of MSME needs to ensure they are registered under the MSME category. MSME registration stands for the micro small and medium enterprises registration. MSME Act has been launched by the government of India to support the MSME through various schemes, subsidies, and incentives. With MSME Registration, banks also provide the loans at lower rate of interests, as these MSME play an important role in the country's economic growth.

MSME registration process

Now that you know how to categorise different businesses according to their nature of business and investments, the next step is to know how to register a business as an MSME. This registration requires a few documents, personal details, details about the individual and so on. Read on further to know more about the registration process in the MSME Sector.

Before starting the process, ensure that you have an Aadhar Card. Aadhar Card is compulsory in the registration of MSME. In case you do not have one, an application is to be filled online.

Documents required for the MSME Registration Process

1. Aadhar number of the applicant
2. Name, gender, PAN number, email id, and mobile number of the applicant.
3. PAN, location, and address of the organization.
4. The number of employees and the date, you are planning to start your business.
5. Bank account number and IFSC code
6. The basic business activity of the enterprise
7. NIC 2 digit code
8. Investment in plant and machinery/equipment
9. MoA and AoA
10. Copies of Sales Bill and Purchase Bill

Step by step registration process for MSME

1. Start Registration Process

[Click here](#) to start the MSME Registration Process.

2. Fill Application Form

At the first step, you have to fill in basic details in the MSME Registration form that will include all the necessary details of your business such as company name, registration number, GST number, and so on.

3. Enter Personal Details

At this stage, you are required to fill in all your personal details such as name, address, PAN Card, bank account details, and some common information that is mandatory during the MSME registration process. Also, a photo needs to be uploaded. Ensure that the size of the photo is within the permissible limits for it to be uploaded on the site.

4. Executive Will Process Application

At this process, an MSME executive will review your application. In case of any discrepancy, you will be notified about the process and make the relevant changes.

5. Receive Certificate of Mail

After filling the complete form you will get the certificate for MSME Registration. To know how it would be, you can download a copy of the Sample MSME Certificate. The Ministry will not issue you any hard copy for it. You will get a virtual certificate for MSME Registration.

This is the process for the MSME registration for companies. Note that the entire registration process is free of cost. However, there are many online portals that do the registration process on behalf of the companies at a certain fee.

Benefits of MSME registration

The registration of MSME is not mandatory, but the registration process has been provided so that all entrepreneurs can maximize their benefits under this scheme and reap the offers provided by the government. The benefits are many; from priority, lending to cluster financing, and an opportunity to adopt the latest quality management standards.

Let's dive into the benefits of MSME registration point by point:

1. 50% Subsidy on Patent Registration

If you have created something new, a new innovative product or business model, and want to patent it, there is a hefty fee applied for patent registration. But with the help of MSME registration, one can avail of the patent registration at 50% subsidy. This move aims to encourage more entrepreneurs to invent and innovate. They can avail of the 50% subsidy by registering with their respective industry.

2. Collateral Free Loans

One of the biggest benefits of MSME registration is the **collateral free business loans** one can avail through banks and NBFCs. This essentially means that SMEs and MSMEs can now take various loans such as working capital loans and credit line loans, without providing any collateral.

3. Exemption of interest on Overdraft

MSMEs who have good credit history and have good relations with their banks can avail of the overdraft facility. MSMEs get the advantage of 1% exemption on interest on an overdraft facility. This could be extremely beneficial for MSMEs. However, MSMEs should check with their lender as not all banks give this facility.

4. Reservation Policy

As mentioned above one of the greatest things about the MSME market is that it has hardly been affected by outsiders. Due to this, the success of the MSME sector has been magnificent. A major part of this success is due to the reservation policy of the government. There are some MSME sectors that have been given exclusive rights to manufacture certain products. Under the Government Stores Purchase Program, the central government has reserved the purchase of more than 300 products exclusively from this sector. This gives a boost to the MSME market and it is not affected by stiff competition.

5. Technological Upgradation for MSME's

Some MSMEs may not be able to use their resources to full potential due to lack of sophisticated technology. The government, under the Capital Aid for Technological Upgradation Scheme, helps these enterprises to upgrade their equipment through latest technology by helping them get low-interest loans from banks. With the rise of technology, the government is encouraging more MSMEs to get into the space of technology through aid and financial support.

6. Protection against delayed payments

One of the major advantages of registering under the MSME scheme is the protection received by the government against delayed payments. This protection in delayed payments is against the buyers in the transaction of business. If any micro or small enterprise that has MSME registration, supplies any goods or services, then the buyer is required to make payment on or before the date agreed upon between the buyer and the micro or small enterprise. In case there is no payment date on the agreement, then the buyer is required to make payment within fifteen days of acceptance of goods or services. In case of delayed payment, the buyer is required to pay a fine to the MSME registered company. This helps most MSMEs to ensure they have no outstanding debtors or bad debts.

From the benefits mentioned above, one can understand how important and helpful it is for an MSME to get registered under the MSME Act. So all in all, registering yourself as an MSME has various benefits that could uplift your business.

Why is it important to register your business under MSME?

The entrepreneurial culture in India has seen rapid growth over the past few years. The growth, especially in the semi-urban and rural areas has grown, paving the way to the SME and MSME sectors. To enhance this growth of the SME and MSME sector the government has initiated quite a few schemes, offers, and subsidies to increase the participation of individuals in this sector. If a business is registered under the MSME scheme, it is eligible to avail quite a few tax benefits, local schemes and subsidies and other advantages. Banks also give loans to such businesses at a concessional rate and help them in their business and their growth.

Almost 70% of the Indian GDP comes from the MSME and SME sector. This includes businesses right from the agricultural areas to raw materials, manufacturing and retail business. It is important for these companies to be registered under the MSME sector for the growth of the business and also to make it easier for the government.

What businesses are categorized under the MSME scheme?

Not all businesses can come under the MSME category. A business has to make a minimum of particular revenue or a maximum of particular revenue to be able to call them an MSME. The criteria below help one understand how to categorize themselves as an MSME. This also makes it the **eligibility criteria** for a business to be under the MSME Scheme.

MSME enterprises of the manufacturing sector can be categorized on the basis of the amount invested in plant and machinery –

1. **Micro enterprises**– Entities investing up to ₹ 1 crore and a turnover of less than 5 crores in plant and machinery.
2. **Small enterprises**– Entities investing up to Rs 10 crore and a turnover of Rs 50 crore in plant and machinery.
3. **Medium enterprises**– Entities investing up to Rs 20 crore and an annual turnover of under Rs 100 crore in plant and machinery.

MSME enterprises in the service sector can be categorized on the basis of the amount invested in equipment-

1. **Micro enterprises**– Entities investing up to ₹ 1 crore and a turnover of less than 5 crores.
2. **Small enterprises**– Entities investing up to Rs 10 crore and a turnover of Rs 50 crore.
3. **Medium enterprises**– Entities investing up to Rs 20 crore and an annual turnover of under Rs 100 crore.

Registering a business under the MSME can have certain benefits such as better **MSME loan** structure, subsidise rates, government help and a lot more. Stay tuned to know more about the benefits of MSME registration in our next article!

[Apply For MSME Loan Online](#)